



January 2004

Notes

The Newsletter of Kentucky's Affordable Prepaid Tuition

KAPT Actuarial Study Finds Program Financially Sound

KAPT's annual actuarial valuation concluded the program is financially stable in the short and long term.

The study, prepared by Milliman USA, an independent actuary firm in Pennsylvania that monitors several other state prepaid tuition programs, stated there are sufficient assets between the KAPT Program Fund and KAPT Reserve to cover the actuarially estimated value of tuition obligations. While the KAPT Program Fund had an actuarial deficit of \$10.7 million, the KAPT Reserve of \$12.6 million exceeded the deficit by \$1.9 million.

The KAPT Reserve was created by the legislature to provide financial backing when investment returns do not keep pace with tuition costs. The KAPT Reserve is funded with 75% of the state's Unclaimed Property Fund receipts and is expected to grow by \$3.5 million each year. According to the study, the combined KAPT Program Fund and KAPT Reserve are projected to have net assets of at least \$45 million each fiscal year through the foreseeable future.

Dr. Joe L. McCormick, Executive Director of the Kentucky Higher Education Assistance Authority (KHEAA), the state agency that administers KAPT, said the actuarial study shows KAPT is a viable program. "Because the legislature designed the program with financial protection other prepaid tuition plans do not have, KAPT can continue to benefit Kentucky families and the Commonwealth," McCormick said. "Plus, we can look at additional ways to manage deficits and further strengthen the program if we sell new contracts."

In spring 2004, the KHEAA Board of Directors will review the opening of KAPT for enrollment in fall 2004.



KAPT Receives Unqualified Audit Opinion

KAPT received an unqualified audit opinion by PricewaterhouseCoopers as a result of the program's annual audit.

Annual Report Available

The *KAPT Fiscal Year 2003 Annual Report* is now available. The report contains a summary of KAPT's audited financial statements and actuarial analysis. To receive a copy of the report, please call 1-888-919-KAPT, and press option 3. You may also access the report at www.getKAPT.com.

KAPT Annual Statements

An annual statement is provided after December 31 each year to all KAPT purchasers with active accounts. If you have more than one KAPT account, you will receive a separate mailing for each account. If you have any questions regarding your annual statement, please call 1-888-919-KAPT, and press option 2.

Using KAPT Benefits in 2004

If your KAPT beneficiary will be entering college in the fall of 2004, please take note of the following:

- Your KAPT account must be paid in full, including all outstanding fees, before your benefits can be used.
 - In early spring, you will receive a benefit usage packet that will provide detailed information and instructions on applying for and using your KAPT benefits.
 - Beneficiaries applying for financial aid must contact the financial aid office at each school they consider attending and advise the staff that they will be using KAPT benefits. Financial aid offices must have this information to package financial aid correctly.
- If you have any questions about using KAPT benefits, please call 1-888-919-KAPT, and press option 2.

If you would like to receive your KAPT newsletter by e-mail, send your e-mail address to sray@kheaa.com. KAPT newsletters can also be viewed at www.getKAPT.com.

KAPT Online Account Access Now Available!

As a KAPT purchaser, you can now view your prepaid tuition accounts online with our new secure, 24-hour online access!

You can check your current account status, contact and address information, and recent financial transactions and even track tuition payments made to schools on behalf of a student. Other enhancements to online account access are planned for the future.

Check out your accounts at www.getKAPT.com by selecting the Account Access link from the KAPT home page.

You will need your KAPT account number and your 10-digit Social Security number to get started. If you have multiple KAPT accounts, you may use any of your KAPT account numbers to login.

If you have any questions, please call us toll free at 1-888-919-5278, and press option 2.

KHEAA and KHESLC Help Students Pay for College

KHEAA is the state agency that administers Kentucky Educational Excellence Scholarships (KEES), need-based grants, scholarships with service obligations, work-study, savings, and Federal Family Education Loans for higher education. In addition, KHEAA provides several publications and resources at www.kheaa.com, like *Getting In* and *Affording Higher Education*, to help families prepare and pay for higher education.



KHEAA's sister agency, the Kentucky Higher Education Student Loan Corporation (KHESLC), also known as The Student Loan People, is the state's only public, nonprofit student loan provider. The Student Loan People offers the lowest cost student loans in Kentucky with discounts, interest rate reductions, and zero fees.

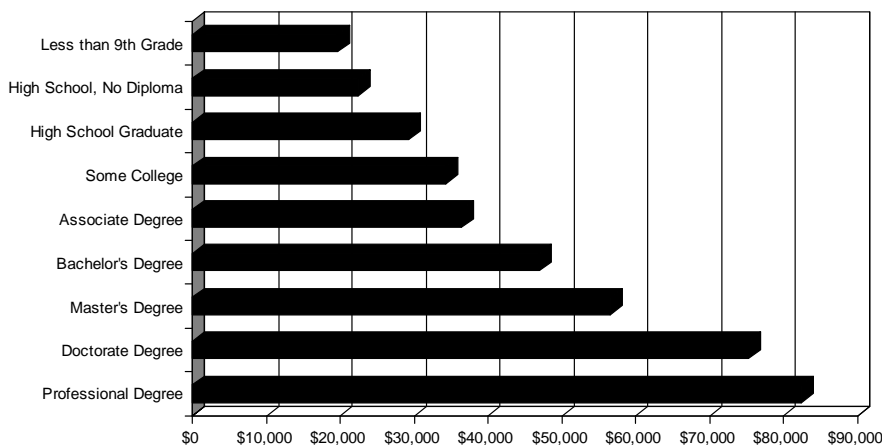
For more information about KHEAA financial aid programs and services, call (800) 928-8926 or visit www.kheaa.com. To learn more about loan programs offered by The Student Loan People, visit www.studentloanpeople.com or call (888) 678-4625.

Change of Address

For your protection, change of address requests must be in writing and signed by the *purchaser*. Mail your address update to: KAPT, KHEAA, P.O. Box 798, Frankfort, KY 40602-0798.

Go Higher

Did you know a person with a bachelor's degree can earn **\$1,000,000** more during their working career than a person with just a high school diploma? It's true—higher education can provide more cash, a better job, and a higher standard of living! So when making your KAPT payment, remember a college education is well worth the investment!



Educational Level	Earnings
Less than 9th Grade	\$19,685
High School, No Diploma	\$22,350
High School Graduate	\$29,187
Some College, No Degree	\$34,340
Associate Degree	\$36,399
Bachelor's Degree	\$46,969
Master's Degree	\$56,589
Doctoral Degree	\$75,182
Professional Degree	\$82,421

Source: Calculations based on the income data from the U.S. Census Bureau Current Population Survey, March 2002. Represents the average annual income of full-time workers aged 25 years and older and then multiplied by 40 years.

How to Contact Us

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